EXHIBIT J

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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF ILLINOIS

RITLABS, S.R.L.,   )
)
              Plaintiff,   )
)
     vs.   )
) Civil Action No.
RITLABS, INC., and SERGHEI   ) 1:12CV00215
DEMCENKO,   )
)
              Defendants.   )
_____)

- CONFIDENTIAL -

DEPOSITION OF YEVGENIY KRUGLOV

Chicago, Illinois

Thursday, June 14, 2012

Reported by: Janet L. Robbins
              CSR No. 84-002207
NDS Job No.: 149431

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 1   MR. HUFF: Objection, foundation.

 2   THE WITNESS: He was being for the

 3   registration -- for services in regards to

 4   registration of Ritlabs, Inc.

 5   BY MR. DI GIACOMO:

 6   **Q   Mr. Demcenko is sending money to**

 7   **Mr. Dubograev to create Ritlabs, Inc., the business**

 8   **entity, is that correct?**

 9   **A   Yes.**

10   **Q   Did you, in fact, on behalf of**

11   **Mr. Demcenko, transfer that money to Mr. Dubograev?**

12   **A   Yes, I did.**

13   **Q   In this e-mail, Mr. Demcenko states that**

14   **he wanted to continue the process of transferring**

15   **clients to American Ritlabs.**

16   **To the best of your recollection, did**

17   **Mr. Demcenko transfer clients to the American Ritlabs**

18   **entity prior to September 9th, 2008?**

19   MR. HUFF: Objection, foundation.

20   THE WITNESS: I'm not aware of that.

21   BY MR. DI GIACOMO:

22   **Q   Did CIFNet receive payments on behalf of**

23   **Ritlabs, Inc. prior to September 9th, 2008?**

24   **A   No.**

25   **Q   When did CIFNet begin receiving payments**

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1   THE WITNESS: Since 1997, we were selling

2   different software for different entities.

3   Ritlabs -- I don't even remember if Ritlabs, S.R.L.

4   was the first company, if there was anything before

5   Ritlabs, S.R.L. And for every of those entities, the

6   president was Mr. Demcenko. And we were dealing with

7   Mr. Demcenko. I can't be certain if this was under

8   Ritlabs, S.R.L. or Ritlabs, Inc.

9   MR. DI GIACOMO: Would you please mark this.

10   (Y. Kruglov 2 was marked for

11   identification.)

12   BY MR. DI GIACOMO:

13   **Q   Mr. Kruglov, I'm handing you what has**

14   **been marked as Yevgeniy Kruglov Exhibit 2, which**

15   **purports to be a January 6th, 2009 e-mail from you to**

16   **Mr. Demcenko wherein you ask for the payment of legal**

17   **fees.**

18   **Are you familiar with this e-mail?**

19   **A   Yes, I am.**

20   **Q   Were these legal fees paid out of amounts**

21   **that CIFNet was holding on behalf of Ritlabs, whether**

22   **S.R.L. or Inc.?**

23   **A   Yes.**

24   **Q   And were these amounts paid out of**

25   **profits generated by either Ritlabs, S.R.L. or**

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1   Ritlabs, Inc. through the sale of The Bat! or any

2   other software?

3   A   Yes.

4   Q   Did you transfer this money to

5   Mr. Dubograev at the direction of Mr. Demcenko?

6   A   Yes, I did.

7   (Y. Kruglov 3 was marked for

8   identification.)

9   BY MR. DI GIACOMO:

10   Q   Mr. Kruglov, I'm handing you what has

11   been marked as Yevgeniy Kruglov Exhibit 3, which

12   purports to be a November 20th e-mail, November 20,

13   2009 e-mail, from you to Mr. Demcenko concerning the

14   transfer of $70,000.

15   Are you familiar with this e-mail?

16   MR. HUFF: Can we go off the record for a

17   second?

18   MR. DI GIACOMO: Sure.

19   (A discussion was had off record.)

20   THE WITNESS: Yes.

21   BY MR. DI GIACOMO:

22   Q   Mr. Kruglov, in this e-mail you state

23   that you will be depositing $70,000 into

24   Mr. Demcenko's account. Mr. Demcenko will show that

25   amount and then he'll transfer it back to you when

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1   necessary.

2   Is that an accurate statement?

3   MR. HUFF: Objection to form.

4   THE WITNESS: Yes.

5   BY MR. DI GIACOMO:

6   Q   Was this amount transferred to

7   Mr. Demcenko's personal bank account?

8   A   Yes.

9   Q   Did Mr. Demcenko ever return the $70,000

10   to CIFNet?

11   A   No, he did not.

12   Q   And was this $70,000 an offset against

13   amounts that CIFNet owed Ritlabs, S.R.L. or Ritlabs,

14   Inc. for the sale of software?

15   A   That's correct.

16   Q   Mr. Kruglov, has there been any other

17   transfers to Mr. Serghei Demcenko's personal bank

18   account between the years of 2008 and 2012 from

19   CIFNet?

20   A   All of the transfers that were made were

21   made at his direction, whether it was a personal

22   account or a business account.

23   Q   Understood.

24   A   I think there were transfers to personal

25   account.

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1   **Ritlabs, Inc.'s profits split to three invoices and**

2   **then paid to Ritlabs, Inc.?**

3   MR. HUFF: Objection, form and foundation.

4   THE WITNESS: I'm not sure. I don't see a

5   reason from this.

6   BY MR. DI GIACOMO:

7   **Q   Your testimony has been that the license**

8   **agreement contained within Basil Kruglov Exhibit 5**

9   **dated January 1st, 2010 was executed after that date,**

10   **but yet the e-mail in front of you, which is marked**

11   **as Yevgeniy Kruglov Exhibit 6, shows that CIFNet was**

12   **selling Ritlabs' software in 2009.**

13   **Is that an accurate characterization?**

14   MR. HUFF: Objection, form.

15   When you say "Ritlabs' software," it's

16   the same issue we've been talking about through the

17   morning.

18   THE WITNESS: Could you repeat the question?

19   BY MR. DI GIACOMO:

20   **Q   Sure. Is it accurate to state that**

21   **CIFNet was selling Ritlabs, Inc. or Ritlabs, S.R.L.'s**

22   **software in 2009?**

23   **A   Yes.**

24   **Q   And is it accurate to state that the**

25   **license agreement marked Basil Kruglov Exhibit 5 was**

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 1   MR. HUFF: Objection to the form.

 2   THE WITNESS: CIFNet has created virtual server

 3   and provided the standard set of software, like

 4   e-mail server, DNS server. And that give him ability

 5   to access e-mail account, but he was in control of

 6   his -- I should correct that. He was in control of

 7   ritlabs.com domain and DNS. And any changes that

 8   were done, this is something that Mr. Demcenko done

 9   and not CIFNet.

10   BY MR. DI GIACOMO:

11   Q   So just to clarify your testimony, is it

12   accurate to state that Mr. Demcenko changed the MX

13   records associated with the ritlabs.com domain name

14   to point to the virtual server that CIFNet created?

15   MR. HUFF: Objection, foundation.

16   THE WITNESS: Could you restate this?

17   BY MR. DI GIACOMO:

18   Q   Sure. You've testified that CIFNet

19   created a virtual server on behalf of Mr. Demcenko.

20   And you've testified that any changes to the MX or

21   DNS records associated with the Ritlabs domain name

22   was made by Mr. Demcenko.

23   Is it accurate to state that Mr. Demcenko

24   changed the MX records to point to the virtual server

25   that CIFNet had created?

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 1   MR. HUFF: Objection, foundation.

 2   THE WITNESS: Mr. Demcenko was in the control

 3   of the name so he could point name servers to

 4   anywhere. In this case, they were pointed to this

 5   new server.

 6   BY MR. DI GIACOMO:

 7   **Q   So is it your testimony that you had**

 8   **personal knowledge that Mr. Demcenko pointed the**

 9   **ritlabs.com domain name to the virtual server created**

10   **by CIFNet?**

11   MR. HUFF: Objection, foundation.

12   THE WITNESS: This is how I see it. He was

13   only one in control of domain name.

14   BY MR. DI GIACOMO:

15   **Q   Thank you.**

16   **(Y. Kruglov 10 was marked for**

17   **identification.)**

18   **BY MR. DI GIACOMO:**

19   **Q   Mr. Kruglov, I've handed you what has**

20   **been marked as Yevgeniy Kruglov Exhibit 10, which**

21   **purports to be an ICQ chat log between you and**

22   **Mr. Max Masiutin.**

23   **Are you familiar with this conversation?**

24   **A   Yes.**

25   MR. HUFF: Could we go off the record for a

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 1   is July 15th, 2008, did Mr. Demcenko state that he

 2   was going to form Ritlabs, Inc. to you?

 3        A      I don't remember the chronological order,

 4   but I think that he thought that sometime in the

 5   summer of 2008.  I basically went through working

 6   thousand e-mail messages in a short period of time,

 7   so I'm a little bit time confused now.

 8        Q      Understood.

 9               Your testimony has been that you've been

10   working with Ritlabs since approximately 1996.  And

11   you received this letter dated July 15th, 2008

12   terminating the contract between CIFNet and Ritlabs,

13   S.R.L. on the date of December 31st of that year.

14               When you received this letter, did it

15   concern you that Ritlabs, S.R.L. was terminating its

16   contract with you?

17        A      Well, if Ritlabs, Inc. was going to take

18   action on selling the software, then -- and we will

19   report everything to Ritlabs, Inc., then it was

20   making sense.

21        Q      So in your estimation, did you know

22   Ritlabs, Inc. prior to the receipt of this letter in

23   2008?

24        A      Yes, I would say so.  It makes sense.

25                    (Y. Kruglov 13 was marked for
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